



**Department of Neighborhood Development
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**LIMITING ASSETS AND CERTAIN FORMS OF FINANCING IN DND HOMEBUYER
PROGRAMS**

Effective Date: October 20, 2005

BACKGROUND

- Based on the general principle that DND does not want to penalize people for having a strong savings ethic, DND has historically only counted the income from assets as required by HUD in its eligibility determinations.
- Absent a limitation on total assets, it is possible that an income-qualified homebuyer with a large amount of savings or other assets could get a City-assisted unit even though their financial position would enable them to buy in the private market without assistance.
- With homeownership becoming out of reach for so many, it is not acceptable that any buyer with other options in the market should get an assisted unit. This necessitated a re-evaluation of DND's policy toward assets in determining homebuyer eligibility.

POLICY

- A homebuyer purchasing through a DND development program or purchasing a property with an affordability covenant through a resale cannot have more than \$75,000 in total assets. The asset limitation was determined by DND based on the current market conditions: an income-eligible buyer with this amount of assets to put toward a downpayment can afford market prices for many units in many neighborhoods without City assistance. Homebuyers will be required to complete an application and provide information on assets including, but not limited to, savings and investment accounts and other property owned.
- Retirement accounts and government approved college savings accounts are not counted in determining total assets unless the buyer is liquidating them. These types of accounts have penalties for early withdrawal and may have rules about how the money can be spent.
- All buyers must obtain arm's-length financing. This means that another family member or a friend cannot lend you the money to purchase the property, but you must go through a bank or mortgage company for your loan.
- Homebuyers purchasing through any DND program may not use co-signers unless they will be residing in the unit. A co-signer's income would then have to be considered in determining eligibility.
- Households disqualified as a result of this policy must wait two years before reapplying for eligibility.

QUESTIONS?

Call DND at 617-635-0500 and ask for Compliance if the property is a resale and the Home Center 617-635-HOME if it is a new property.